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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/804,674	03/12/2001	Clayton P. Spitz	FDC 0150 PUS	1853

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EXAMINER

KIM, AHSHIK

ART UNIT

PAPER NUMBER

2876

DATE MAILED: 09/26/2002

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application N .

09/804,674

Applicant(s)

SPITZ ET AL.

Examiner

Ahshik Kim

Art Unit

2876

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☐ Responsive to communication(s) filed on \_\_\_\_\_.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-22 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- 11) ☐ The proposed drawing correction filed on \_\_\_\_\_ is: a) ☐ approved b) ☐ disapproved by the Examiner.
- If approved, corrected drawings are required in reply to this Office action.
- 12) ☐ The oath or declaration is objected to by the Examiner.

**Priority under 35 U.S.C. §§ 119 and 120**

- 13) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.
- 14) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. § 119(e) (to a provisional application).
- a) ☐ The translation of the foreign language provisional application has been received.
- 15) ☐ Acknowledgment is made of a claim for domestic priority under 35 U.S.C. §§ 120 and/or 121.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO-1449) Paper No(s) 9.
- 4) ☐ Interview Summary (PTO-413) Paper No(s). \_\_\_\_\_.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_.

## DETAILED ACTION

### *Oath/Declaration*

5 1. The oath or declaration is defective. A new oath or declaration in compliance with 37 CFR 1.67(a) identifying this application by application number and filing date is required. See MPEP §§ 602.01 and 602.02.

The oath or declaration is defective because: the fifth inventor(Ernest J. Arbour, Jr)'s signature is missing in the declaration. Applicant stated that all the inventors except Mr. Guerin  
10 have executed the Declaration (paper #3). However, examiner could not find the execution of Declaration of Mr. Arbour, Jr.

### *Claim Rejections - 35 USC § 103*

15 The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

20 (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

This application currently names joint inventors. In considering patentability of the  
25 claims under 35 U.S.C. 103(a), the examiner presumes that the subject matter of the various claims was commonly owned at the time any inventions covered therein were made absent any evidence to the contrary. Applicant is advised of the obligation under 37 CFR 1.56 to point out the inventor and invention dates of each claim that was not commonly owned at the time a later

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invention was made in order for the examiner to consider the applicability of 35 U.S.C. 103(c) and potential 35 U.S.C. 102(e), (f) or (g) prior art under 35 U.S.C. 103(a).

2. Claims 1-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Basch et al.

5 (US 6,119,103) in view of Elgamal (US 5,671,279).

Re claims 1, 3, 11, and 22, Basch teaches a system and the method for assessing/predicting customer's financial transactions wherein the customers use credit card for purchase of goods and services (col. 1, lines 47+; col. 8, lines 13+).

10 Although Basch teaches a transaction data such as transaction types and amount (col. 3, lines 51+), Basch fails to specifically teach or fairly suggest that the transaction type includes charge-back transaction.

Elgamal teaches a card transaction system wherein transaction type includes returns and charge backs (col. 14, lines 27+).

15 In view of Elgamal's teaching, it would have been obvious to an ordinary skill in the art at the time the invention was made to further incorporate well-known charge-back transaction or refund to the teachings of Basch in order to analyze and consider how a particular transaction type such as charge-back affects the risk model of an individual. By categorizing transaction type, and assessing risk factors by transaction type, financial institutions and merchants can accordingly determine terms of credit transactions and avoid potential risks, and thus an obvious  
20 expedient. Moreover, since Basch sends/receives a transaction data such as transaction type and transaction amount (col. 3, lines 50+), it would have an obvious extension to implement 'charge-back' as another transaction type for generating risk-related data for the transaction type.

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Re claim 2, Basch provides a mechanism for the card-holder or the card company to provide a reason/explanation for a disputed transaction (col. 7, line 66 – col. 8, line 13).

Re claim 4, in quantifying a risk of a customer, a risk prediction model as shown in figure 2 comprises historical data for an account/account holder such as archived authorizations, clearings, settlements, etc. (col. 11, lines 51+). Moreover, any category of data in generating risk model can be applied with a weight assigned by the system/user (col. 12, lines 11+).

Re claims 5 and 14, Multi-dimensional table 912 and relational database 910 contain customer information and merchant information. Merchant information include merchant identifier, location, zip code, etc. (col. 20, lines 8+), which can include machine identification code for an ATM or POS terminal.

Re claims 6 and 16, Basch further provides a customizable filter system in generating risk model wherein the transactions can be selected (or compared to set threshold) in terms of categories such as transaction amount, period, location, etc. (col. 16, lines 64+).

Re claims 7-10, 15, and 17-21, the predictive model generation module 206 utilizes various statistical techniques such as linear risk model, linear regression, decision tree and neural net methodologies (col. 11, lines 51+). The predictive model further includes the method of assigning weight to a credit factor (col. 12, lines 11). Although not explicitly suggested, relative weight can be assigned to any factor user chooses. For example, one user may design to assign high weight to delinquent payment whereas another user assigns higher risk to the credit history such as bankruptcy filing. In view of the above, assigning weight on a particular factor/reason can be considered a design variation element.

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Re claims 12 and 13, when the risk is assessed, the assessment is based on various information including transaction history, which further includes explanations or reasons for the transactions (col. 7, line 66 – col. 8, line 13). For example, if a transaction is refund type, a retailer/financial institution may ask why the product is to be refunded (i.e., defect, incorrect item delivered, change of heart, etc.,).

### Conclusion

I. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure: Siegel et al. (US 6,018,723); Pettitt (US 6,029,154); Templeton et al. (US 5,679,940); Barrameda (US 6,216,115); Masch (US 5,930,762); Anderson et al. (US 6,094,643) disclose risk assessment system in card transactions.

II. Any inquiry concerning this communication or earlier communications from the examiner should be directed to *Ahshik Kim* whose telephone number is (703)305-5203 . The examiner can normally be reached between the hours of 6:00AM to 3:00PM Monday thru Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Michael G. Lee, can be reached on (703) 305-3503. The fax number directly to the Examiner is (703) 746-4782. The fax phone number for this Group is (703)308-7722, (703)308-7724, or (703)308-7382.

Communications via Internet e-mail regarding this application, other than those under 35 U.S.C. 132 or which otherwise require a signature, may be used by the applicant and should be addressed to [ahshik.kim@uspto.gov].

*All Internet e-mail communications will be made of record in the application file. PTO employees do not engage in Internet communications where there exists a possibility that sensitive information could be identified or exchanged unless the record includes a properly signed express waiver of the confidentiality requirements of 35 U.S.C. 122. This is more clearly set forth in the Interim Internet Usage Policy published in the Official Gazette of the Patent and Trademark on February 25, 1997 at 1195 OG 89.*

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the Group receptionist whose telephone number is (703) 308-0956.



Ahshik Kim  
Patent Examiner  
Art Unit 2876  
September 18, 2002



MICHAEL G. LEE  
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